Return on Investment Program Funding Application (FY 2003 Request)

I T   P R O J E C T   E V A L U A T I O N

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: 7/12/01

Agency Name: Information Technology Department

Project Name: ITD University

Expenditure Name: ITD University

Agency Manager: Ken Adrian

Agency Manager Phone Number / E-mail: 515-725-0367 ken.adrian@itd.state.ia.us

Executive Sponsor (Agency Director or Designee): Richard J.Varn

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. <u>If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request.</u> Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute?   ☐**YES** (If "YES," explain)   ☒ **NO**

Explanation:

Is this project or expenditure required by State statute?   ☒ **YES** (If "YES," explain)   ☐ **NO**

Explanation: Section 14B.102(1) states, "The information technology department is established as a state department. The mission of the department is to foster the development and application of information technology to improve the lives of Iowans." It goes on to require the department to develop and implement "recommended standards for information technology" and "effective and efficient strategies for the use and provision of information technology for participating agencies and other governmental entities." This project is essential to the discharge of these requirements.

Does this project or expenditure meet a health, safety or security requirement?

☐**YES** (If "YES," explain) ☒ **NO**

> **Explanation:**

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☒ **YES** (If "YES," explain) ☐ **NO**

> **Explanation:** Specifically, this project will lead to the promulgation of a number of essential information technology standards and initiatives.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

> **Explanation:** It provides guidance for, and compliance with, the enterprise IT standards. It provides for the alignment of IT projects with the digital government goals for the State of Iowa. It also complies with the Vilsack/Pederson Leadership Agenda requiring that state government "Provide information and services when and where they are convenient to Iowans".

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

> **Explanation:**

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:
Pre-Project:

Currently, state government delivers services to citizens ansd businesses using methods and processes that were developed and implemented over the last 50 years. Interactions with citizens are often paper-based or manual systems with automated information components. These standards for these systems, if any, are typically not uniformly applied across state agencies and there is no place to rapidly prototype standards-based solutions. ITD monitors standards reactively in the form of review of Agency project plans and expenditures. Projects are completed without ITD involvement that do not comply to enterprise standards. IT professionals working for the state and contractors do not receive training or orientation into the capabilities, standards and procedures of the State dealing with IT projects.

Post Project:
As a society, we are at a major milestone in the delivey of service to citizens. The emergence of the Internet as a significant means of conducting business transactions electronically is driving a major major change in business and government. To rise to this challenge and provide citizens and business with a significant number of highly functional, reliable electronic services, it is necessary to provide state government staff at all levels with an environment to apply best practices in the development of e-government services. It is essential that state government continue its progression to becoming a standards-based organization and provide facilities and support for the experimentation and development of leading edge electronic service delivery components. ITD University would be an effective way of fulfilling this requirement on an enterprise basis.

The ITD University would provide a standards certification program for state government IT professionals, and a bootcamp for dealing with the State for IT vendors.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: The program would decrease the time to production for IT projects as state government IT professionals are more readily prepared for the process and standards that are required to perform a project. Any requests that come into ITD for approval will also move the system more rapidly as State IT professionals are better prepared to submit project proposals. This increased efficiency will translate into increased services for citizens, increased efficiencies in processes, standard face to IT projects, and decreased burden on the taxpayer for IT project development.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response:
ITD - Responsible for the creation of ITD University and the creation of classes based upon IT enterprise standards and tools.

Agencies - Classes will be made available for the agencies to certify developers in standards-based technologies and procedures.

Citizens - Will receive services delivered through highly reliable information technology products that are audited and created by professionals that understand the latest standards for the State. IT development time will be reduced and the reliability of the information technology hardware/software/infrastructure will dramatically increase.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information
1**.** Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

   Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

   > **Response:**
   > a.
   > Education Coordinator (curriculum designer)
   > Subject Management Experts for training
   >
   > b.
   > Education Coordinator
   > Subject Management Experts to provide Training
   >
   > c.
   > Outside educational facilities
   >
   > d.
   > ITD already facilitates educational services

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

   > **Response:**
   > a. The project will assist state government IT staff in the development and execution of IT projects.
   >
   > b. ITD already provides educational classes.

2. Expectations: Describe the primary purpose or reason for the project.

   > **Response:**   The primary purpose for the project is to create educational standards for ensuring IT project quality and consistent success.

3. Measures: Describe the criteria that will be used to determine if the project is

successful.

> **Response:**
> -- State of Iowa enterprise IT staff respond favorably to the program and classes are scheduled regularly with at least 80% attendance.
> -- The average project time decreases over ITD certified professionals by 15%

4. <u>Environment</u>: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

> **Response:**
> -- Multiple agencies will participate in the training
> -- Vendors will participate in training

5. <u>Risk:</u> Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response:
By not implementing, there will be less effective coordination of e-government applications; exposure to cost overruns by using "traditional" prototyping and development techniques; reduced potential for reuse of previously developed software applications/modules; continuation of IT projects without regard to standards; extended project times as professionals overcome learning curve for State IT projects; duplication of efforts across state government.

6. <u>Security / Data Integrity / Data Accuracy / Information Privacy</u>
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: N/A

7. <u>Project Schedule</u>
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response:
Responsible Party: ITD

Facilities
-- July 2002 -- Area identified and scheduled for training

Classes and Tracks
-- September 2002 -- classes and tracks identified
-- December 2002 -- Materials created and reproduced
-- January 2003 -- First classes offered
-- July 2003 -- Assessment and review of program

Staff
-- July 2002 -- Learning coordinator identified
-- August 2002 -- Additional educators contracted if needed

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment
    1. <u>Software (Client Side / Server Side / Midrange / Mainframe):</u>
        a. Application software
        b. Operating system software
        c. Major interfaces to other systems, both internal and external

> **Response:** N/A

    2. <u>Hardware (Client Side / Server Side / Mid-range / Mainframe):</u>
        a. Platform, operating system
        b. Storage and physical environment
        c. Connectivity and bandwidth
        d. Logical and physical connectivity
        e. Major interfaces to other systems, both internal and external

> **Response:** N/A

B. Proposed Technology Environment

    1. <u>Software (Client Side / Server side / Mid-range / Mainframe)</u>
        a. Application software
        b. Operating system software
        c. Major interfaces to other systems, both internal and external
        d. General parameters if specific parameters are unknown or to be determined

> **Response:** N/A

    2. <u>Hardware (Client Side / Server Side / Mid-range / Mainframe)</u>
        a. Platform, operating system
        b. Storage and physical environment
        c. Connectivity and Bandwidth
        d. Logical and physical connectivity
        e. Major interfaces to other systems, both internal and external
        f. General parameters if specific parameters are unknown or to be determined

> **Response:** N/A

C. Data Elements
If the project creates a new database, provide a description of the data elements.
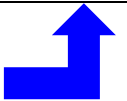
> **Response:** N/A

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times\%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times\%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$50000	1	100%	$50000	100%	$100000
Software	$	4	%	$	%	$
Hardware	$	3	%	$	%	$
Training	$	4	%	$	%	$
Facilities	$	1	%	$	%	$
Professional Services	$75000	4	100%	$75000	100%	$93750
ITD Services	$50000	4	100%	$50000	100%	$62500
Supplies, Maint, etc.	$10000	1	100%	$10000	100%	$20000
Other (Specify)	$	1	%	$	%	$
Totals	$185000	-------	-------	$185000	------	$276250

Transfer this amount to the ROI Financial Worksheet, item "D" on page 12.

B. Funding: Enter data or provide response as requested

1. This is (pick one): ☒ A Pooled Technology Fund or Reengineering Fund Request
   ☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03 Cost ($)	FY03 % Total Cost	FY04 Cost ($)	FY04 % Total Cost	FY05 Cost ($)	FY05 % Total Cost
State General Fund	$	%	$185000	100%	$185000	100%
Pooled Tech. Fund	$185000	100%	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$185000	100%	$185000	100%	$185000	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

> **Response:** N/A

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

> **Response:**
> Charges would be made to the agencies after the first year for the cost of the training.

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

> **Response:** Charges would be made to the agencies after the first year for the cost of the training estimated at $185,000 per year.

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

IT PROJECT EVALUATION

Response: Since the Total E by 2003 initiative is relatively new, actual historical cost figures are unavailable. It is estimated that state agencies will spend approximately $3 million to $5 million preparing for e-government in each of the following fiscal years - FY02, FY03, FY04

2. Annual Post-Project Cost – Quantify all <u>estimated</u> State government direct and indirect costs associated with activity, system or process <u>after</u> project implementation. This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

Response: Annual cost of $185,000

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

Response: Conservatively, it is estimated that this project would save 10% of an annual $3M expenditure for e-Government development = $300,000

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: Citizens would benefit from more and better e-government applications. The quantification of this citizen benefit would be reliant upon an analysis of the specific applications.

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual <u>non-operations</u> benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: ITD University would facilitate the promulgation of better IT standards, reduce duplication across state government, reduce the development and implementation time for applications, and improve the reliability of e-government applications.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: 10% of $3M = $300,000

7. Total Annual Prorated Cost – It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related

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equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years.   Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: The program would dynamically change as required, however, for the purposes of this ROI, the assigned useful life would be 1 year.

8.   Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: $300,000 / $185,000 = 1.62

9.   ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: ($300,000 - $276,250) / $185,000 = 12.8%

10.   Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response: See number 5.

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	$3000000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$3000000

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	$2700000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$2700000
State Government Benefit (= A-B):	$300000

Annual Benefit Summary

State Government Benefit:	$300000
Citizen Benefit:	$-0
Opportunity Value or Risk/Loss Avoidance Benefit:	$-0
C. Total Annual Project Benefit:	$300000
D. Annual Prorated Cost (SECTION IV-A):	$276250
Benefit / Cost Ratio: (C / D) =	1.09
Return On Investment (ROI): (C – D) / Requested Project Funds) x 100 =	12.8**%**

☐ **Benefits Not Readily Quantifiable**

IT PROJECT EVALUATION

Section V: ITC Project Evaluation Criteria

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	Criteria and Location in Project Evaluation Document	Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**

Left margin vertical text: IT PROJECT EVALUATION